

The economic crisis is among the greatest challenges that the United States has faced. There's plenty of blame for past administrations and Congresses that were too interested in special interests to appropriately protect the public interest.

Some blame also rests with American consumers, a few of whom actually abused the system themselves. Too many others were simply uninformed. There is still more blame for a lax financial regulatory system and a Federal Reserve system that in many cases enabled reckless behavior. On balance, the entire system failed and our country is paying the price.

H.R. 4173, the Wall Street Reform and Consumer Protection Act, which passed the House of Representatives, is an important step towards rebalancing priorities and strengthening the protections in our financial system to deal with families, consumers and the integrity of our institutions. Although Congressman Blumenauer believes this legislation is far from perfect, he voted for it with the hope that it's the beginning of long term reform.

Among the provisions of this legislation that Congressman Blumenauer is most proud of is the creation of the Consumer Financial Protection Agency (CFPA). Just as American consumers are protected from products that can cause serious physical harm, they should also be protected from products that can cause financial ruin. The CFPA will closely examine consumer lending practices to ensure that consumers are treated fairly. The agency will extend consumer protections to financial products, such as mortgages, credit cards, and "payday" lenders. It will also require that banks prominently display information regarding the fees and charges associated with the bank's overdraft protection program.

The Wall Street Reform and Consumer Protection Act also provides greater oversight and transparency throughout the financial system by:

- Regulating for the first time the multi-trillion dollar financial derivatives market;
- Subjecting company executive compensation packages to a shareholder vote;
- Expanding the power of the Securities and Exchange Commission to regulate hedge funds and private equity funds and to protect investors from fraudulent schemes, like those perpetrated by Bernie Madoff;
- Providing greater oversight of the credit ratings agencies, whose seal of approval paved the way for some of the riskiest financial practices; and
- Directing the Comptroller General to audit and report to Congress on all actions taken by the Board of Governors of the Federal Reserve System and the Federal Reserve Banks during the current economic crisis.

Passing the most significant reform of the financial system in decades is a good first step. Congress must continue to find the right balance in regulating the financial system to protect citizens and at the same time, preserve free market principles. Congressman Blumenauer is hopeful that this bill will inspire everyone – those in Congress, the administration, in regulatory agencies, industry, and all Americans – to be fiscally responsible and prevent the abuses that precipitated our current economic challenges.

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